The Chief Executive Officer
All Primary (Urban) Co-operative Banks / State and Central Co-operative Banks (StCBs / CCBs)

Madam / Dear Sir,

Know Your Customer (KYC) Guidelines - Accounts of Proprietary Concerns

Please refer to paragraph 2.5(ii) of our Master Circular no. UBD.BPD.(PCB) MC.No.16/12.05.001/2014-15 dated July 1, 2014 and paragraph 2.5 (vi) of Master Circular RPCD.RRB.RCB.AML.BC. No. 02/07.51.018/ 2014-15 dated July 1, 2014 on KYC norms and our Circular UBD.BPD.CO/NSB1/11/12.03.000/2009-10 dated September 29, 2009 and RPCD Circular RPCD.CO.RF.AML.BC.No.83/07.40.00/2009-10 dated May 12, 2010 prescribing norms for opening of bank accounts in respect of sole proprietary firms and subsequent circulars issued in this regard.

2. Reserve Bank has been receiving representations pointing out difficulties in complying with the requirement of furnishing two documents as activity proof while opening accounts of sole proprietary firms in certain cases. It is possible that in some types of activities there is genuine difficulty in procuring two such documents. The matter has, therefore, been reviewed with a view to ease the process of opening bank accounts of proprietary concerns in such cases. The default rule is that any two documents, out of those listed in paragraphs of the Master Circulars mentioned above, should be provided as activity proof by a proprietary concern. However, in cases where the banks are satisfied that it is not possible to furnish two such documents, the banks may consider permitting furnishing of any other two documents that are accepted as activity proof. It is, however, reiterated that such documents should be verifiable and duly certified by the respective banks.

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.
to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.

3. It is also clarified here that the list of registering authorities indicated in paragraph 2.5(ii) of our Master Circular no. UBD.BPD.(PCB) MC. No.16/12.05.001/2014-15 dated July 1, 2014 and paragraph 2. 5 (vi) of Master Circular RPCD.RRB.RCB.AML.BC. No.02/07.51.018/2014-15 dated July 1, 2014 on KYC norms is only illustrative and therefore includes license / certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute, as one of the documents to prove the activity of the proprietary concern.

4. UCBs/DCCBs/StCBs may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully,

(Suma Varma)
Principal Chief General Manager